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Amendment numbered 194:

That the House recede from its disagreement to the amendment of the Senate numbered 194, and agree to the same with an amendment as follows:

On page 144, line 11, of the Senate engrossed amendments, strike out "January" and insert *April*; and the Senate agree to the same.

Amendment numbered 197:

That the House recede from its disagreement to the amendment of the Senate numbered 197, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 489; and the Senate agree to the same.

Amendment numbered 198:

That the House recede from its disagreement to the amendment of the Senate numbered 198, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *a producer or importer of gasoline. The provisions of section 3443 shall be applicable to the floor stocks tax imposed by this subsection so as to entitle, subject to all the provisions of such section, (1) any manufacturer or producer to a refund or credit of such tax under subsection (a) (1) of such section, and (2) any person paying such floor stocks tax to a refund or credit thereof where gasoline is by such person or any other person used or resold for any of the purposes specified in subparagraphs (A) (i), (ii), and (iii) of subsection (a) (3) of such section.*

And the Senate agree to the same.

Amendment numbered 199:

That the House recede from its disagreement to the amendment of the Senate numbered 199, and agree to the same with the following amendments:

On page 145 of the Senate engrossed amendments strike out "January" in lines 6, 12, and 13 and insert *April*

On page 145, line 16, of the Senate engrossed amendments, strike out "April" and insert *July*

On page 146, line 9, of the Senate engrossed amendments, strike out "January" and insert *April*

And the Senate agree to the same.

Amendment numbered 200:

That the House recede from its disagreement to the amendment of the Senate numbered 200, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 490; and the Senate agree to the same.

Amendment numbered 210:

That the House recede from its disagreement to the amendment of the Senate numbered 210, and agree to the same with an amendment as follows:

On page 147, line 10, of the Senate engrossed amendments, strike out "482" and insert 492; and the Senate agree to the same.

Amendment numbered 211:

That the House recede from its disagreement to the amendment of the Senate numbered 211, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 493; and the Senate agree to the same.

Amendment numbered 213:

That the House recede from its disagreement to the amendment of the Senate numbered 213, and agree to the same with an amendment as follows:

On page 148, line 15, of the Senate engrossed amendments, strike out "484" and insert 494; and the Senate agree to the same.

Amendment numbered 214:

That the House recede from its disagreement to the amendment of the Senate numbered 214, and agree to the same with the following amendments:

On page 149, line 15, of the Senate engrossed amendments, strike out "485" and insert 495

On page 149 of the Senate engrossed amendments, after the quotation marks in line 24 insert the following: *The determination as to the applicability of the tax imposed by section 3475 in the case of the transportation of any excavated material, other than transportation to which the amendment made by this subsection applies, shall be made as if this subsection had not been enacted and without inferences drawn from the fact that the amendment made by this subsection is not expressly applicable to the transportation of such other excavated material.*

And the Senate agree to the same.

Amendment numbered 215:

That the House recede from its disagreement to the amendment of the Senate numbered 215, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 496; and the Senate agree to the same.

Amendment numbered 216:

That the House recede from its disagreement to the amendment of the Senate numbered 216, and agree to the same with the following amendments:

On page 150, line 8, of the Senate engrossed amendments, strike out "487" and insert 497

On page 150 of the Senate engrossed amendments strike out "January" in lines 15 and 22 and insert *April*

On page 151 of the Senate engrossed amendments strike out "January" in lines 10 and 18 and insert *April*

And the Senate agree to the same.

Amendment numbered 217:

That the House recede from its disagreement to the amendment of the Senate numbered 217, and agree to the same with an amendment as follows:

On page 151, line 22, of the Senate engrossed amendments, strike out "488" and insert 498; and the Senate agree to the same.

Amendment numbered 219:

That the House recede from its disagreement to the amendment of the Senate numbered 219, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 501. MAXIMUM TAX FOR NEW CORPORATIONS.

Section 430 (relating to imposition of tax) is hereby amended as follows:

(1) By adding at the end of subsection (a) thereof, as amended by section 121 of this Act, the following:

"(3) in the case of a corporation for which an amount is determined for the taxable year under subsection (e), the amount determined under such subsection."

(2) By redesignating subsection (e) as subsection (f); and

(3) By inserting after subsection (d) the following new subsection:

"(e) NEW CORPORATIONS.—

"(1) ALTERNATIVE AMOUNT.—In the case of a taxpayer which commenced business after July 1, 1945, and whose fifth taxable year ends after June 30, 1950, the amount referred to in subsection (a) (3) shall be—

"(A) If the taxable year is the first or second taxable year of the taxpayer, an amount equal to 5 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds \$300,000, the amount shall be the sum of \$15,000 plus the amount determined under subparagraph (E) of this paragraph.

"(B) If the taxable year is the third taxable year of the taxpayer, an amount equal to 8 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds \$300,000, the amount shall be the sum of \$24,000 plus the amount determined under subparagraph (E) of this paragraph.

"(C) If the taxable year is the fourth taxable year of the taxpayer, an amount equal to 11 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds \$300,000, the amount shall be the sum of \$33,000 plus the amount determined under subparagraph (E) of this paragraph.

"(D) If the taxable year is the fifth taxable year of the taxpayer, an amount equal to 14 per centum of the excess profits net income for the taxable year, except that if the excess profits net income exceeds \$300,000, the amount shall be the sum of \$42,000 plus the amount determined under subparagraph (E) of this paragraph.

"(E) The amount determined under this subparagraph shall be—

"(i) if the taxable year ends before April 1, 1951, an amount equal to 15 per centum of the excess of the excess profits net income for the taxable year over \$300,000.

"(ii) if the taxable year begins on January 1, 1951, and ends on December 31, 1951, an amount equal to 17½ per centum of the excess of the excess profits net income for the taxable year over \$300,000.

"(iii) if the taxable year (other than a taxable year described in clause (ii)) ends after March 31, 1951, an amount equal to 18 per centum of the excess of the excess profits net income for the taxable year over \$300,000.

"(2) *FIRST FIVE TAXABLE YEARS.*—For the purpose of this subsection—

"(A) The taxable year in which the taxpayer commenced business and the first, second, third, and fourth succeeding taxable years shall be considered its first, second, third, fourth, and fifth taxable years, respectively.

"(B) The taxpayer shall be considered to have been in existence and to have had taxable years for any period during which it or any corporation described in any clause of this subparagraph was in existence, and the taxpayer shall be considered to have commenced business on the earliest date on which it or any such corporation commenced business:

"(i) Any corporation which during or prior to the taxable year was a party with the taxpayer to a transaction described in section 445 (g) (2) (A), (B), or (C), determined as if the date 'July 1, 1945' were substituted for the date 'December 1, 1950' in section 445 (g) (2) (C).

"(ii) Any corporation if a group of not more than four persons who control the taxpayer at any time during the taxable year also controlled such corporation at any time during the period beginning twelve months preceding their acquisition of control of the taxpayer and ending with the close of the taxable year; but only if at any time during such period (and while such persons controlled such corporation) such corporation was engaged in a trade or business substantially similar to the trade or business of the taxpayer during the taxable year. For the purpose of this clause, the term 'control' means the ownership of more than 50 per centum of the total combined voting power of all classes of stock entitled to vote, or more than 50 per centum of the total value of shares of all classes of stock. A person shall not be considered a member of the group referred to in this clause unless during the period referred to in this clause he owns stock in such corporation at a time when the members of the group control such corporation and he owns stock in the taxpayer at a time when the members of the group control the taxpayer. For the purpose of this clause, the ownership of stock shall be determined in accordance with the provisions of section 503, except that constructive ownership under section 503 (a) (2) shall be determined only with respect to the individual's spouse and minor children.

"(iii) In case the taxpayer during or prior to the taxable year was a purchasing corporation (as defined in part IV), the selling corporation (as defined in such part) whose properties were acquired in the part IV transaction; but this clause shall not apply unless for the taxable year or for any preceding taxable year the conditions of paragraphs (1), (2), and (3) of section 474 (c) were satisfied with respect to such transaction.

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"(iv) Any corporation which, under regulations prescribed by the Secretary, is determined by one or more additional applications of clauses (i) to (iii) to stand indirectly in the same relation to the taxpayer as though such corporation were described in any such clause.

If as of the beginning of December 1, 1950, the adjusted basis for determining gain upon sale or exchange of the aggregate assets theretofore acquired by the taxpayer in transactions described in clauses (i) and (iii) (or acquired in the ordinary course of business in replacement of such assets) and held by it at such time constituted less than 20 per centum of the adjusted basis for determining gain upon sale or exchange of its total assets held at such time, then transactions described in such clauses occurring prior to such date shall be disregarded in determining the date as of which the taxpayer shall be considered to have commenced business.

"(3) LIMITATION.—The provisions of paragraph (1) of this subsection shall not apply to a taxpayer which derives more than 50 per centum of its gross income (determined without regard to dividends and without regard to gains from sales or exchanges of capital assets) for the taxable year from contracts and subcontracts to which the provisions of title I of the Renegotiation Act of 1951 (or the provisions of any prior renegotiation act) are applicable."

And the Senate agree to the same.

Amendment numbered 220:

That the House recede from its disagreement to the amendment of the Senate numbered 220, and agree to the same with the following amendments:

On page 160, line 4, of the Senate engrossed amendments insert, after "corporation", the following: *at the time it renders such services or assistance*

On page 160, line 12, of the Senate engrossed amendments strike out "renders" and insert *rendered*

On page 160, line 19, of the Senate engrossed amendments strike out "constitutes" and insert *constituted*

On page 161, line 1, of the Senate engrossed amendments strike out "owns" and insert the following: *at the time it rendered such services or assistance owned*

And the Senate agree to the same.

Amendment numbered 221:

That the House recede from its disagreement to the amendment of the Senate numbered 221, and agree to the same with an amendment as follows:

On page 161, line 17, of the Senate engrossed amendments strike out the quotation marks and insert the following: *In computing the average base period net income for such substituted period, the excess profits net income for January, February, and March of 1950 shall be computed by use of the 'weighted excess profits net income', as defined in section 435 (e) (2) (E), for the taxable year in which such months fall.*"; and the Senate agree to the same.

Amendment numbered 222:

That the House recede from its disagreement to the amendment of the Senate numbered 222, and agree to the same with the following amendments:

On page 164, line 4, of the Senate engrossed amendments strike out "regulation" and insert *regulations*

On page 165, line 4, of the Senate engrossed amendments strike out the period and quotation marks and insert the following: , and *such monthly excess profits net income shall be in lieu of the monthly excess profits net income determined under paragraphs (1) and (2) of section 462 (b).*"

And the Senate agree to the same.

Amendment numbered 224:

That the House recede from its disagreement to the amendment of the Senate numbered 224, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 506. ADJUSTMENTS FOR CHANGES IN INADMISSIBLE ASSETS IN CASE OF BANKS.

(a) *AMENDMENT OF SECTION 435 (g).*—Section 435 (g) (relating to net capital addition or reduction) is hereby amended by redesignating paragraph (8) as paragraph (11) and by adding after paragraph (7) the following new paragraph:

"(8) *ADJUSTMENTS FOR CHANGES IN INADMISSIBLE ASSETS IN CASE OF BANKS.*—In the case of a bank (as defined in section 104)—

"(A) If the increase in total assets for the taxable year exceeds the net capital addition computed without regard to the adjustment under paragraph (1) for an increase in inadmissible assets, then the net capital addition for the taxable year shall not be less than the excess of—

"(i) the amount determined under the first sentence of paragraph (1) over

"(ii) an amount which bears the same ratio to the increase in inadmissible assets for the taxable year, determined under paragraph (5), as the amount computed under such first sentence bears to the increase in total assets for the taxable year.

"(B) If the decrease in total assets for the taxable year exceeds the net capital reduction computed without regard to the adjustment under paragraph (2) for a decrease in inadmissible assets, then the net capital reduction for the taxable year shall not be less than the excess of—

"(i) the amount determined under the first sentence of paragraph (2) over

"(ii) an amount which bears the same ratio to the decrease in inadmissible assets for the taxable year, determined under paragraph (5), as the amount computed under such first sentence bears to the decrease in total assets for the taxable year.

For the purpose of this paragraph, the increase or decrease in total assets for the taxable year shall be computed in the same manner as

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the increase or decrease in inadmissible assets for the taxable year is computed under paragraph (5), except that such computations shall be made with respect to all assets, whether admissible or inadmissible assets as defined in section 440."

(b) **AMENDMENT OF SECTION 438.**—Section 438 (relating to new capital credit changes) is hereby amended by adding after subsection (f) the following new subsection:

"(g) **ADJUSTMENTS FOR INADMISSIBLE ASSETS IN CASE OF BANKS.**—In the case of a bank (as defined in section 104), if the increase in total assets for the taxable year (determined in the manner provided in the last sentence of section 435 (g) (8)) exceeds the net new capital addition computed without regard to the adjustment under subsection (b) for an increase in inadmissible assets, then the net new capital addition for the taxable year shall not be less than the excess of the amount determined under the first sentence of subsection (b) over an amount which bears the same ratio to the increase in inadmissible assets for the taxable year, determined under section 435 (g) (5), as the amount computed under such first sentence bears to such increase in total assets for the taxable year."

(c) **AMENDMENT OF SECTION 435 (f).**—Section 435 (f) (relating to capital additions in base period) is hereby amended as follows:

(1) By inserting immediately after the word "reduced" in paragraph (1) thereof the following: "(but not below zero)".

(2) By adding at the end of paragraph (1) thereof the following: "For special rule in the case of banks, see paragraph (6)."

(3) By renumbering paragraph (6) as paragraph (7), and by adding immediately after paragraph (5) the following new paragraph:

"(6) **YEARLY BASE PERIOD CAPITAL OF BANKS.**—In the case of a bank (as defined in section 104), the yearly base period capital for any taxable year shall be determined as follows:

"(A) A tentative yearly base period capital shall be computed under paragraph (1) without regard to paragraph (1) (A).

"(B) The tentative yearly base period capital so determined shall be reduced by the amount determined under section 440 (b) (relating to inadmissible assets). For the purpose of this subparagraph, the computation under section 440 (b) shall include only the daily amounts (described in such section) for the first day of such taxable year."

(d) **EFFECTIVE DATE OF SUBSECTION (c) (3).**—The amendment made by subsection (c) (3) (adding a new paragraph (6) to section 435 (f)) shall be applicable with respect to taxable years beginning on or after the date of the enactment of this Act, and, at the election of the taxpayer made in accordance with regulations prescribed by the Secretary, shall be applicable to all taxable years ending after June 30, 1950.

And the Senate agree to the same.

Amendment numbered 225:

That the House recede from its disagreement to the amendment of the Senate numbered 225, and agree to the same with an amendment as follows:

On page 169 of the Senate engrossed amendments strike out lines 9 to 20, inclusive, and insert the following:

"(9) **DECREASE IN INADMISSIBLE ASSETS.**—

"(A) Except as otherwise provided in subparagraph (B) (relating to banks), the excess of the amount computed under

paragraph (2) (A) or (B), whichever is applicable to the taxpayer (whether or not any amount is determined under the first sentence of paragraph (2)), over the amount, if any, computed under the first sentence of paragraph (2) shall be considered the net capital addition for the taxable year or shall be added to the net capital addition otherwise determined under paragraph (1), as the case may be. The amount of the excess so determined shall be subject to the exceptions and limitations provided in paragraph (10).

"(B) In the case of a bank (as defined in section 104), the computation under subparagraph (A) shall be made by substituting for the amount computed under paragraph (2) (A) or (B) whichever of the following amounts is the lesser:

"(i) An amount which bears the same ratio to the decrease in inadmissible assets as the sum of the equity capital (as defined in section 437 (c)) and the daily borrowed capital (as defined in section 439 (b)), each determined as of the first day of the first taxable year ending after June 30, 1950, bears to the total assets as of the beginning of such day;

"(ii) If paragraph (8) (B) is applicable, the amount computed under paragraph (8) (B) (ii).

And the Senate agree to the same.

Amendment numbered 226:

That the House recede from its disagreement to the amendment of the Senate numbered 226, and agree to the same with an amendment as follows:

On page 172 of the Senate engrossed amendments strike out line 25 and all that follows over to and including the period in line 3 on page 173 and insert the following: 'Government obligations' means obligations described in section 22 (b) (4) any part of the interest from which is excludible from gross income or allowable as a credit against net income; but such term shall include only such obligations as in the hands of the taxpayer are property described in section 117 (a) (1) (A).; and the Senate agree to the same.

Amendment numbered 227:

That the House recede from its disagreement to the amendment of the Senate numbered 227, and agree to the same with an amendment as follows:

On page 175 of the Senate engrossed amendments strike out line 11 and all that follows through line 17 on page 177 and insert the following:

"(h) ALTERNATIVE AVERAGE BASE PERIOD NET INCOME.—

"(1) ELIGIBILITY REQUIREMENTS.—A taxpayer which commenced business on or before the first day of its base period shall be entitled to the benefits of this subsection if—

"(A) the aggregate excess profits net income (if any) for the 12 months selected under paragraph (2) (B) is less than 35 per centum of one-half of the aggregate excess profits net income for the 24 months remaining under such paragraph; and

"(B) normal production, output, or operation was interrupted or diminished because of the occurrence, within 12 months preceding (i) the first day of the 12-month period selected under

paragraph (2) (B) (i), or (ii) the first day of any period of 6 or more consecutive months selected under paragraph (2) (B) (ii), of events unusual or peculiar in the experience of such taxpayer. This subsection shall have no application unless the taxpayer has an aggregate excess profits net income for the 24 months remaining under paragraph (2) (B).

"(2) COMPUTATION.—If the taxpayer is entitled to the benefits of this subsection, its average base period net income computed under this subsection shall be computed as follows:

"(A) By determining under subsection (b) the period subject to adjustment under this section. For the purposes of subparagraph (B) but not for the purposes of paragraph (1) (B) such period shall be considered a period of 36 consecutive months.

"(B) By selecting from such period whichever of the following 12 months results in the higher remaining aggregate excess profits net income—

"(i) the 12 consecutive months the elimination of which produces the highest remaining aggregate excess profits net income, or

"(ii) the 12 months which remain after retaining the 24 consecutive months which produce the highest remaining aggregate excess profits net income.

"(C) By computing for each of the 12 months selected under subparagraph (B) a substitute excess profits net income computed under subsection (e).

"(D) By computing the sum of—

"(i) the aggregate of the substitute excess profits net income, as determined under subparagraph (C), for the 12 months selected under subparagraph (B), but the amount computed under this clause shall not exceed one-half of the aggregate excess profits net income for the 24 months remaining under subparagraph (B), and

"(ii) the aggregate of the excess profits net income for each of the 24 months remaining under subparagraph (B), computed in the manner provided by the second sentence of section 435 (d) (1).

"(E) By dividing by three the amount ascertained under subparagraph (D).

"(3) AGGREGATE EXCESS PROFITS NET INCOME.—The 'aggregate excess profits net income' for any period shall be computed for the purposes of this subsection in the same manner as under subsection (b)."

And the Senate agree to the same.

Amendment numbered 228:

That the House recede from its disagreement to the amendment of the Senate numbered 228, and agree to the same with an amendment as follows:

On page 178 of the Senate engrossed amendments strike out line 10 and all that follows through the word "the" in line 11 and insert *The*; and the Senate agree to the same.

Amendment numbered 231:

That the House recede from its disagreement to the amendment of the Senate numbered 231, and agree to the same with an amendment as follows:

On page 181, line 3, of the Senate engrossed amendments insert, after "Commission or", the following: *if the rates for such furnishing or sale are subject*; and the Senate agree to the same.

Amendment numbered 234:

That the House recede from its disagreement to the amendment of the Senate numbered 234, and agree to the same with an amendment as follows:

On page 183 of the Senate engrossed amendments strike out line 15 and all that follows through line 21 on page 184 and insert the following:

"(1) *The adjusted basis of the taxpayer's total facilities (as defined in section 444 (d)) as of the beginning of its base period (when added to the total facilities at such time of all corporations with which the taxpayer has the privilege under section 141 of filing a consolidated return for its first taxable year under this subchapter) did not exceed \$10,000,000;*

"(2) *The basis (unadjusted) of the taxpayer's total facilities (as defined in section 444 (d)) at the close of its base period was 250 per centum or more of the basis (unadjusted) of its total facilities at the beginning of its base period;*

"(3) *The percentage of the taxpayer's aggregate gross income which was from contracts with the United States and related sub-contracts was (A) at least 70 per centum for the period comprising all taxable years beginning after December 31, 1941, and ending before January 1, 1946, (B) less than 20 per centum for the period comprising all taxable years ending after December 31, 1945, and before January 1, 1950, and (C) less than 20 per centum for the period comprising all taxable years ending after December 31, 1949, and beginning before July 1, 1950; and*

"(4) *The average monthly excess profits net income of the taxpayer (computed in the manner provided in section 443 (e)) for—*

"(A) the period comprising all taxable years ending with or within the last 24 months of its base period, and

"(B) the last taxable year ending before the first day of its base period,

are each 300 per centum or more of the average monthly excess profits net income (so computed) of the taxpayer for the period comprising all taxable years ending with or within the first 24 months of its base period."

And the Senate agree to the same.

Amendment numbered 235:

That the House recede from its disagreement to the amendment of the Senate numbered 235, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 517. BASE PERIOD CATASTROPHE.

Section 459, as added by section 516 of this Act, is hereby amended by adding after subsection (a) thereof the following new subsection:

“(b) **BASE PERIOD CATASTROPHE.**—

“(1) **ELIGIBILITY REQUIREMENTS.**—A taxpayer shall be entitled to the benefits of this subsection only if it was engaged throughout its base period primarily in manufacturing and if—

“(A) the taxpayer suffered during the last thirty-six months of its base period a catastrophe by fire, storm, explosion, or other casualty which destroyed or rendered inoperative a production facility constituting a complete plant or plants having in the hands of the taxpayer immediately prior to the catastrophe an adjusted basis equal to 15 per centum or more of the adjusted basis of all the taxpayer's production facilities at such time;

“(B) as a result of such catastrophe the taxpayer's normal production or operation was substantially interrupted for a period of more than twelve consecutive months; and

“(C) the taxpayer, prior to the end of its base period, replaced such production facility with a production facility which at the end of its base period had in its hands an adjusted basis not less than the adjusted basis immediately prior to the catastrophe of the production facility destroyed or rendered inoperative;

“(2) **COMPUTATION.**—The taxpayer's base period net income determined under this subsection shall be the amount computed under subparagraph (A) or the amount computed under subparagraph (B), whichever results in the lesser tax under this subchapter for the taxable year for which the tax is being computed:

“(A) The amount computed under section 435 (d) by substituting for the excess profits net income for each month in the taxable year in which the catastrophe described in paragraph (1) occurred an amount equal to the aggregate, divided by the number of months in the base period preceding such taxable year, of the excess profits net income for each month (computed under section 435 (d) (1)) in the base period preceding such taxable year. The average base period net income computed under this subparagraph shall, for the purpose of section 435 (a) (1) (B), be considered an average base period net income determined under section 435 (d).

“(B) The amount computed under section 435 (e) (2) (G) (i) and (ii).”

And the Senate agree to the same.

Amendment numbered 236:

That the House recede from its disagreement to the amendment of the Senate numbered 236, and agree to the same with the following amendments:

On page 187, line 16, of the Senate engrossed amendments insert after the semicolon the following: *and*

On page 188, line 2, of the Senate engrossed amendments insert after the semicolon the following: *and either*

On page 188, line 9, of the Senate engrossed amendments strike out “consolidation began; and” and insert the following: *operations were consolidated; or*

On page 188, line 21, of the Senate engrossed amendments strike out "consolidation began" and insert the following: *operations were consolidated*

On page 188, line 23, of the Senate engrossed amendments insert after the period the following: *In determining such excess amount proper adjustment shall be made for increase in labor costs and newsprint following such consolidation. Proper adjustment shall also be made for any case in which a taxable year referred to in this subsection is a period of less than twelve months.*

And the Senate agree to the same.

Amendment numbered 237:

That the House recede from its disagreement to the amendment of the Senate numbered 237, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 519. TELEVISION BROADCASTING COMPANIES.

Section 459, as added by sections 516 to 518 of this Act, is hereby amended by adding after subsection (c) thereof the following new subsections:

"(d) TELEVISION BROADCASTING COMPANIES.—

"(1) IN GENERAL.—In the case of a taxpayer engaged in the business of television broadcasting throughout a period beginning before January 1, 1951, and ending with the close of the taxable year, the taxpayer's average base period net income determined under this subsection shall be the amount computed under paragraph (2) or (3), whichever is applicable.

"(2) IF ENGAGED IN TELEVISION BROADCASTING AT CLOSE OF BASE PERIOD.—If the taxpayer was engaged in the business of television broadcasting at the close of its base period, the average base period net income computed under this paragraph shall be computed as follows:

"(A) If the taxpayer was engaged during its base period in any business or businesses other than television broadcasting, by computing the average base period net income under section 435 (d) for such other business or businesses (determined without regard to income, deductions, losses, or other items attributable to the television broadcasting business).

"(B) By multiplying such part of its total assets (as defined in section 442 (f)), for the last day of its base period, as was attributable to the television broadcasting business by—

"(i) the base period rate of return determined under section 447 (c) for the industry classification which includes radio broadcasting, or

"(ii) if the taxpayer was engaged during its base period in the business of radio broadcasting, its individual rate of return computed under paragraph (4), whichever rate of return produces the greater average base period net income under this subsection. If the amount computed under this subparagraph is computed by the use of the rate of return specified in clause (i), the amount so computed shall be reduced by an amount equal to such portion of the

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total interest paid or incurred by the taxpayer, for the period of 12 months following the close of its base period, as is attributable to its television broadcasting business.

"(C) By adding the amount computed under subparagraph (B) to the amount, if any, computed under subparagraph (A).

"(3) COMMENCING TELEVISION BROADCASTING AFTER BASE PERIOD AND BEFORE 1951.—If the taxpayer acquires its television broadcasting business after the close of its base period and before January 1, 1951, the average base period net income computed under this paragraph shall be computed as provided in paragraph (2), except that—

"(A) the applicable rate of return under paragraph (2) (B) shall be multiplied by such part of its total assets (as defined in section 442 (f)), for the last day of the calendar month in which it first engaged in such business, as was attributable to such business, and

"(B) the reduction specified in the last sentence of paragraph (2) (B) shall, if applicable, be equal to such portion of the total interest paid or incurred by the taxpayer, for the period of 12 months following the month in which it first engaged in such business, as is attributable to such business.

"(4) INDIVIDUAL RATE OF RETURN.—The individual rate of return shall be computed as follows:

"(A) By determining the amount of the taxpayer's total assets (as defined in section 442 (f)) attributable to the business of radio broadcasting for the last day of each month in its base period.

"(B) By computing the aggregate of the amounts ascertained under subparagraph (A) and dividing by 48.

"(C) By computing for each month in the base period the excess profits net income of the radio broadcasting business (determined without regard to income, deductions, losses, or other items attributable to any other business), by adding such amounts for all of the months in the base period, and by dividing by 4.

"(D) By dividing the amount computed under subparagraph (C) by the amount computed under subparagraph (B).

"(5) RULES FOR APPLICATION OF SUBSECTION.—

"(A) For the purpose of section 435 (a) (1) (B), an average base period net income determined under this subsection shall be considered an average base period net income determined under section 435 (d); but, in computing the base period capital addition under section 435 (f), the computations under such section shall be adjusted, under regulations prescribed by the Secretary, so as to exclude therefrom items attributable to the television broadcasting business.

"(B) If any part of the total assets referred to in paragraph (2) (B) or paragraph (3) (A), whichever is applicable, were acquired, directly or indirectly, through the use of assets attributable at any time during the base period to a business of the taxpayer other than television broadcasting, the amount determined under paragraph (2) (A) shall be properly adjusted by eliminating from the excess profits net income (computed for the purpose of paragraph (2) (A)) for each month prior to such

acquisition such portion thereof as is attributable to the assets used, directly or indirectly, for such acquisition. For the purpose of this subparagraph, the excess profits net income for any month shall be attributed to such assets on the basis of the ratio, as of the beginning of the day of the acquisition, of such assets to total assets (as defined in section 442 (f)) determined without regard to assets attributable to the television broadcasting business.

“(C) The Secretary shall by regulations prescribe rules for the application of this subsection, including rules for the computation of the taxpayer's net capital addition or reduction.

“(6) APPLICATION OF PART II.—The Secretary shall prescribe regulations for the application of Part II for the purpose of this subsection in the case of an acquiring corporation or a component corporation in a transaction described in section 461 (a) which occurred prior to January 1, 1951.

“(e) BASIS OF ASSETS.—For the purposes of this section, any reference to the adjusted basis of property or to the basis (unadjusted) of property means the adjusted basis or the basis (unadjusted), as the case may be, for determining gain upon sale or exchange.”

And the Senate agree to the same.

Amendment numbered 238:

That the House recede from its disagreement to the amendment of the Senate numbered 238, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 520. INCREASE IN CAPACITY FOR PRODUCTION OR OPERATION.

Section 444 (f) (relating to increase in capacity for production or operation) is hereby amended to read as follows:

“(f) RULES FOR APPLICATION OF SECTION.—

“(1) The benefits of this section shall not be allowed unless the taxpayer makes application therefor in accordance with section 447 (e).

“(2) If, during its first taxable year ending after June 30, 1950, the taxpayer completed construction of (including the installation of the machinery or equipment for use in) a factory building or other manufacturing establishment, such factory building or other manufacturing establishment and such machinery or equipment shall, for the purpose of determining whether there is an increase in capacity under the provisions of subsection (b), be considered to have been added to its total facilities on the last day of its base period if—

“(A) the taxpayer, prior to the end of its base period, had completed construction work representing more than 40 per centum of the total cost of construction of such factory building or other manufacturing establishment, and

“(B) the completion of such factory building or other manufacturing establishment was in pursuance of a plan to which the taxpayer was committed prior to the end of its base period.

This paragraph shall not apply in determining the amount of the taxpayer's total assets for the purpose of subsection (c).”

And the Senate agree to the same.

Amendment numbered 239:

That the House recede from its disagreement to the amendment of the Senate numbered 239, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 521. EXCESS PROFITS CREDIT BASED ON INCOME IN CONNECTION WITH CERTAIN TAXABLE ACQUISITIONS.

(a) *GENERAL RULE.*—Subchapter D (relating to the excess profits tax) of chapter 1 is hereby amended by inserting immediately following section 472 the following new part:

“Part IV—Excess Profits Credit Based on Income in Connection With Certain Taxable Acquisitions Occurring Prior to December 1, 1950.

“SEC. 474. EXCESS PROFITS CREDIT BASED ON INCOME—CERTAIN TAXABLE ACQUISITIONS.

“(a) *DEFINITIONS.*—For the purpose of this part—

“(1) *PURCHASING CORPORATION.*—The term ‘purchasing corporation’ means a corporation which, before December 1, 1950, acquired—

“(A) In a transaction other than a transaction described in section 461 (a), substantially all of the properties (other than cash) of another corporation, of a partnership, or of a business owned by a sole proprietorship; or

“(B) Properties of another corporation or of a partnership if (i) such properties constituted, immediately prior to the acquisition, substantially all of the properties (other than cash) of one or more separate businesses of such other corporation or such partnership, (ii) such other corporation or such partnership was engaged in one or more separate businesses other than those described in clause (i), and (iii) substantially all of the properties (other than cash) of such other corporation or such partnership were acquired, in furtherance of a single plan of complete liquidation for such other corporation or such partnership, by the purchasing corporation, and by one or more other persons, in transactions other than transactions described in section 461 (a).

“(2) *SELLING CORPORATION.*—The term ‘selling corporation’ means a corporation, a partnership, or a business owned by a sole proprietorship, as the case may be, properties of which were acquired by a purchasing corporation in a transaction described in paragraph (1).

“(3) *PART IV TRANSACTION.*—The term ‘part IV transaction’ means a transaction described in paragraph (1).

“(b) *AVERAGE BASE PERIOD NET INCOME OF PURCHASING CORPORATION.*—The average base period net income of a purchasing corporation, if computed with reference to this part, shall be determined under section 435 (d). The average base period net income under section 435 (d) of a purchasing corporation shall be determined by computing its excess profits net income either with or without reference to this part, whichever produces the lesser tax under this subchapter for the taxable

year for which the tax is being computed. If computed with reference to this part, the excess profits net income of a purchasing corporation for any month of its base period shall be its excess profits net income (or deficit therein), computed without reference to this part, and increased or decreased, as the case may be, by the addition or reduction resulting from including—

“(1) In the case of a transaction described in subsection (a) (1) (A), the excess profits net income (or deficit therein) for such month of the selling corporation, or

“(2) In the case of a transaction described in subsection (a) (1) (B), the excess profits net income (or deficit therein) for such month of the selling corporation properly attributable to the business or businesses acquired by the purchasing corporation and properly allocable to such purchasing corporation.

The excess profits net income of a purchasing corporation for any month, recomputed as provided in the previous sentence, shall not be less than zero.

“(c) LIMITATIONS.—This part shall apply only if each of the following conditions is satisfied:

“(1) The selling corporation (A) did not, after the part IV transaction (or the last transaction described in subsection (a) (1) (B)), continue any business activities other than those incident to its complete liquidation, and (B) within a reasonable time after ceasing business activities, completely liquidated in a transaction other than a transaction described in section 461 (a), and ceased existence.

“(2) During so much of the base period of the purchasing corporation and of the period thereafter as preceded the part IV transaction, the properties acquired in the part IV transaction were substantially all of the properties (other than cash) which were used, or which in the ordinary course of business replaced properties used, by the selling corporation (or by a component corporation, as defined in section 461 (b), of such selling corporation) in the production of the excess profits net income (or deficit therein) which under subsection (b) increases or decreases the excess profits net income of the purchasing corporation. For the purpose of this paragraph, if a business in the hands of both the selling corporation and the purchasing corporation was operated under a substantially identical franchise or license, granted by the same person, such franchise or license shall be deemed acquired by the purchasing corporation from the selling corporation.

“(3) The business or businesses acquired in the part IV transaction (including the properties so acquired or properties in replacement thereof) were operated by the purchasing corporation from the date of such transaction to the end of the taxable year or were transferred during the taxable year by the purchasing corporation in a part II transaction to which the provisions of section 462 (b) (4) are applicable.

“(d) SPECIAL RULES.—

“(1) For the purpose of subsection (a) (1), the properties of a selling corporation shall be considered to have been acquired by a purchasing corporation only if acquired from—

“(A) such selling corporation, or

“(B) persons who received the properties upon the liquidation of such selling corporation and who forthwith transferred such

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properties to the purchasing corporation in a transaction other than a transaction described in section 461 (a).

"(2) The computations required by this part in the case of a selling corporation which is a partnership or a business owned by a sole proprietorship shall be made, under regulations prescribed by the Secretary, as if such partnership or such business owned by a sole proprietorship had been a corporation.

"(3) In no case shall more than 100 per centum of the excess profits net income (or deficit therein) for any month of a selling corporation be allocated to the purchasing corporation or, in the case of transactions described in subsection (a) (1) (B), to the several persons (or to any one or more of such persons) receiving the properties of such selling corporation in such transactions.

"(e) SUCCESSIVE TRANSACTIONS.—

"(1) PART IV TRANSACTION FOLLOWING PART IV TRANSACTION.—In the case of a selling corporation which was a purchasing corporation in a previous part IV transaction, or which acquired properties of a purchasing corporation in a transaction to which section 462 (b) (4) is applicable, the computations under this part with respect to the selling corporation shall be made without regard to the previous part IV transaction.

"(2) PART IV TRANSACTION FOLLOWING PART II TRANSACTION.—Subject to the provisions of paragraph (1), in the case of a selling corporation which was an acquiring corporation as defined in section 461 (a) in a previous transaction, its excess profits net income (or deficit therein) which increases or decreases the excess profits net income (or deficit therein) of the purchasing corporation under subsection (b) (1) or (2), and its capital changes which are taken into account under this part in determining the capital changes of the purchasing corporation, shall be determined with the application of the rules of part II to such selling corporation with respect to the part II transaction.

"(3) PART II TRANSACTION FOLLOWING PART IV TRANSACTION.—For rules applicable in the case of a part II transaction following a part IV transaction, see sections 462 (b) (4), 463 (c), and 464 (c).

"(f) REGULATIONS.—The Secretary shall by regulations prescribe rules for the application of this part. Such regulations shall include the following rules:

"(1) BASE PERIOD CAPITAL ADDITION.—Rules (consistent with the principles of section 464) for the determination of the base period capital addition of the purchasing corporation by reference to the capital changes of the selling corporation and of the purchasing corporation.

"(2) NET CAPITAL ADDITION OR REDUCTION.—Rules (consistent with the principles of section 463) for the determination of the net capital addition or reduction of the purchasing corporation by reference to the capital changes of the selling corporation and of the purchasing corporation.

"(3) EXCESS PROFITS NET INCOME.—Rules (consistent with the principles of section 462 (i)) for the determination of the amount of excess profits net income (or deficit therein) of the selling corporation attributable to the business or businesses acquired by a purchasing corporation in a transaction described in subsection (a) (1) (B) and properly allocable to such purchasing corporation.

"(4) **DUPLICATION.**—Rules for the application under this part of the principles of section 462 (j) (1) and the other provisions of part II relating to the prevention of duplication.

"(5) **EXCESS PROFITS CREDIT.**—In the event that the part IV transaction occurred in a taxable year of the purchasing corporation which ended after June 30, 1950, rules (consistent with the principles of section 462 (j) (2)) for the determination of the excess profits credit of such corporation for the year in which the transaction occurred.

Such rules shall not include the principles of section 461 (c) (relating to the excess profits credit of the component corporation), of section 462 (b) (2) (relating to constructive excess profits net income for months during which a corporation was not in existence), of section 462 (l) (relating to minimum average base period net income in the case of certain acquiring corporations), or of such other provisions of part II as relate to sections 435 (e), 442, 443, 444, 445, or 446."

(b) **TECHNICAL AMENDMENTS.**—

(1) Section 435 (a) (3) (relating to amount of excess profits credit) is hereby amended by inserting before the period at the end thereof the following: "and in the case of certain taxable acquisitions, see part IV of this subchapter".

(2) Section 461 (relating to definitions under part II) is amended by inserting at the end thereof the following new subsections:

"(g) **COMPONENT CORPORATION WHICH WAS A PURCHASING CORPORATION IN A PREVIOUS TRANSACTION.**—See section 462 (b) (4) for rules applicable if the component corporation was a purchasing corporation (as defined in part IV) in a previous part IV transaction, or if (as an acquiring corporation in a previous part II transaction) it was subject to the provisions of section 462 (b) (4).

"(h) **DEFINITION OF PART II TRANSACTION.**—For the purpose of this subchapter, the term 'part II transaction' means a transaction described in section 461 (a)."

(3) Section 462 (b) (relating to the method of recomputing the excess profits net income of an acquiring corporation under part II) is hereby amended by adding at the end thereof the following new paragraph:

"(4) If the average base period net income of the acquiring corporation is determined under section 435 (d) with reference to this subsection, and if the provisions of section 474 (b) (relating to the computation of excess profits net income in the case of certain purchasing corporations) were applicable to the component corporation immediately prior to the part II transaction (or would have been applicable if such part II transaction had occurred in a taxable year of the component corporation ending after June 30, 1950), then the excess profits net income (or deficit therein) of the component corporation shall, for the purpose of this subsection, be determined with the application of the provisions of section 474 (b). For the purpose of this paragraph, if a component corporation was an acquiring corporation in a previous part II transaction and, immediately prior to the later part II transaction, the provisions of this paragraph were applicable to such component corporation, its excess profits net income (or deficit therein) shall be determined with the application of the

provisions of the preceding sentence. This paragraph shall be applicable to an acquiring corporation only if—

“(A) the properties acquired by the acquiring corporation from the component corporation include substantially all of the properties (other than cash), or properties acquired in the ordinary course of business in the replacement of properties, which the component corporation acquired either from the selling corporation in the part IV transaction or from a previous component corporation subject (immediately prior to such acquisition) to the provisions of this paragraph.

“(B) the business or businesses acquired by the acquiring corporation were operated by the acquiring corporation from the date of such transaction to the end of the taxable year or were transferred during the taxable year by the acquiring corporation in a part II transaction to which the provisions of this paragraph are applicable; and

“(C) in the event that the part II transaction is one described in section 461 (a) (1) (E), the provisions of section 462 (i) (6) are satisfied.”

(4) Section 462 (i) (6) (relating to allocation rules in the case of transactions described in section 461 (a) (1) (E)) is hereby amended by adding at the end thereof the following: “Notwithstanding the provisions of paragraph (1), if an acquiring corporation in a transaction described in section 461 (a) (1) (E) determines its average base period net income under section 435 (d) by recomputing its excess profits net income under the provisions of section 462 (b) (4), the amount of the component corporation’s excess profits net income for any month which shall be taken into account by the acquiring corporation shall be such portion of the component corporation’s excess profits net income for such month as is determined on the basis of the earnings experience of the assets transferred and the assets retained by the component corporation.”

(5) Section 463 (relating to capital changes) is amended by inserting at the end thereof the following new subsection:

“(c) COMPONENT CORPORATION WHICH WAS A PURCHASING CORPORATION IN A PREVIOUS TRANSACTION.—The Secretary shall provide by regulations for the application of this section in cases to which section 462 (b) (4) is applicable.”

(6) Section 464 (relating to capital changes during the base period) is amended by inserting at the end thereof the following new subsection:

“(c) The Secretary shall provide by regulation for the application of this section in cases to which section 462 (b) (4) is applicable.”

And the Senate agree to the same.

Amendment numbered 240:

That the House recede from its disagreement to the amendment of the Senate numbered 240, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 522. STRATEGIC MINERALS.

Section 450 (b) (1) (relating to corporations engaged in mining of strategic minerals) is hereby amended by inserting after "chromite," the following: "bauxite,".

And the Senate agree to the same.

Amendment numbered 241:

That the House recede from its disagreement to the amendment of the Senate numbered 241, and agree to the same with an amendment as follows:

On page 199, line 16, of the Senate engrossed amendments strike out "510" and insert 506 (d); and the Senate agree to the same.

Amendment numbered 245:

That the House recede from its disagreement to the amendment of the Senate numbered 245, and agree to the same with the following amendments:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: *or to the benefit of a hospital, or an institution for the rehabilitation of physically handicapped persons, which maintains or is building for proper maintenance a hospital or institution staffed or to be staffed by qualified professional persons for the treatment of the sick and/or the rehabilitation of the physically handicapped,*

On page 150, line 25, of the House bill strike out the quotation marks and insert the following: *The determination as to whether an organization other than one described in this subsection is exempt under section 101 of the Internal Revenue Code from taxation for any taxable year beginning before January 1, 1951, shall be made as if this subsection and section 301 (b) of this Act had not been enacted and without inferences drawn from the fact that this subsection and the amendment made by section 301 (b) are not expressly made applicable with respect to taxable years beginning before January 1, 1951.*

And the Senate agree to the same.

Amendment numbered 246:

That the House recede from its disagreement to the amendment of the Senate numbered 246, and agree to the same with an amendment as follows:

Strike out the matter proposed to be stricken out by the Senate amendment and insert the following:

SEC. 602. EXCESS PROFITS CREDIT BASED ON INCOME.

(a) **PERCENTAGE OF AVERAGE BASE PERIOD NET INCOME TAKEN INTO ACCOUNT.**—

(1) **IN GENERAL.**—Paragraph (1) (A), and paragraph (2), of section 435 (a) (relating to excess profits credit based on income) are each amended by striking out "85 per centum" and inserting in lieu thereof "83 per centum".

(2) **TAXABLE YEARS BEGINNING BEFORE JANUARY 1, 1952, AND ENDING AFTER DECEMBER 31, 1951.**—Section 435 (a) is hereby amended by adding at the end thereof the following new paragraph:

"(4) **TAXABLE YEARS BEGINNING IN 1951 AND ENDING IN 1952.**—In the case of a taxable year beginning before January 1, 1952, and ending after December 31, 1951, there shall be used, for the purposes of paragraph (1) (A) and paragraph (2), in lieu of 85 per centum

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of the average base period net income, an amount equal to the sum of—

“(A) that portion of an amount equal to 85 per centum of the average base period net income which the number of days in such taxable year prior to January 1, 1952, bears to the total number of days in such taxable year, plus

“(B) that portion of an amount equal to 83 per centum of the average base period net income which the number of days in such taxable year after December 31, 1951, bears to the total number of days in such taxable year.”

(b) *EFFECTIVE DATE.*—The amendments made by subsection (a) shall be applicable only with respect to taxable years ending after December 31, 1951.

And the Senate agree to the same.

Amendment numbered 247:

That the House recede from its disagreement to the amendment of the Senate numbered 247, and agree to the same with the following amendments:

On page 200, line 13, of the Senate engrossed amendments strike out “602” and insert 603

On page 201 of the Senate engrossed amendments strike out lines 15 to 25, inclusive, and insert the following:

“(A) shall not, with respect to any such tax, exceed an amount which bears the same ratio to the amount of such tax actually paid to such foreign country as the value of property which is—

“(i) situated within such foreign country,

“(ii) subjected to such tax, and

“(iii) included in the gross estate

bears to the value of all property subjected to such tax; and

“(B) shall not, with respect to all such taxes, exceed an amount which bears the same ratio to the tax imposed by section 810

On page 202, line 14, of the Senate engrossed amendments strike out “taxes” and insert tax

On page 205 of the Senate engrossed amendments strike out all after line 23 over to and including line 12 on page 206 and insert the following:

“(A) For the purposes of paragraph (2) (A), ‘such taxes paid to the foreign country’ shall, with respect to any tax paid to the foreign country, be the amount computed under section 813 (c) (2) (A).

And the Senate agree to the same.

Amendment numbered 248:

That the House recede from its disagreement to the amendment of the Senate numbered 248, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 604; and the Senate agree to the same.

Amendment numbered 249:

That the House recede from its disagreement to the amendment of the Senate numbered 249, and agree to the same with an amendment as follows:

On page 208, line 21, of the Senate engrossed amendments, strike out "604" and insert 605; and the Senate agree to the same.

Amendment numbered 250:

That the House recede from its disagreement to the amendment of the Senate numbered 250, and agree to the same with an amendment as follows:

On page 209, line 14, of the Senate engrossed amendments, strike out "605" and insert 606; and the Senate agree to the same.

Amendment numbered 251:

That the House recede from its disagreement to the amendment of the Senate numbered 251, and agree to the same with an amendment as follows:

On page 210, line 14, of the Senate engrossed amendments, strike out "606" and insert 607; and the Senate agree to the same.

Amendment numbered 252:

That the House recede from its disagreement to the amendment of the Senate numbered 252, and agree to the same with an amendment as follows:

On page 211, line 2, of the Senate engrossed amendments, strike out "607" and insert 608; and the Senate agree to the same.

Amendment numbered 253:

That the House recede from its disagreement to the amendment of the Senate numbered 253, and agree to the same with an amendment as follows:

On page 211, line 9, of the Senate engrossed amendments, strike out "608" and insert 609; and the Senate agree to the same.

Amendment numbered 254:

That the House recede from its disagreement to the amendment of the Senate numbered 254, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 610. REVERSIONARY INTERESTS IN CASE OF LIFE INSURANCE.

If refund or credit of any overpayment resulting from the application of section 503 of the Revenue Act of 1950 was prevented on October 25, 1950, by the operation of any law or rule of law (other than section 3760 of the Internal Revenue Code, relating to closing agreements, and other than section 3761 of such code, relating to compromises), refund or credit of such overpayment may, nevertheless, be made or allowed if claim therefor was filed after October 25, 1949, and on or before October 25, 1950.

And the Senate agree to the same.

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Amendment numbered 255:

That the House recede from its disagreement to the amendment of the Senate numbered 255, and agree to the same with an amendment as follows:

On page 212, line 14, of the Senate engrossed amendments, strike out "610" and insert 611; and the Senate agree to the same.

Amendment numbered 256:

That the House recede from its disagreement to the amendment of the Senate numbered 256, and agree to the same with an amendment as follows:

On page 214, line 2, of the Senate engrossed amendments, strike out "611" and insert 612; and the Senate agree to the same.

Amendment numbered 257:

That the House recede from its disagreement to the amendment of the Senate numbered 257, and agree to the same with an amendment as follows:

On page 214, line 14, strike out "612" and insert 613; and the Senate agree to the same.

Amendment numbered 258:

That the House recede from its disagreement to the amendment of the Senate numbered 258, and agree to the same with an amendment as follows:

On page 215, line 6, of the Senate engrossed amendments, strike out "613" and insert 614; and the Senate agree to the same.

Amendment numbered 259:

That the House recede from its disagreement to the amendment of the Senate numbered 259, and agree to the same with an amendment as follows:

On page 216, line 2, of the Senate engrossed amendments, strike out "614" and insert 615; and the Senate agree to the same.

Amendment numbered 260:

That the House recede from its disagreement to the amendment of the Senate numbered 260, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following: 616; and the Senate agree to the same.

Amendment numbered 261:

That the House recede from its disagreement to the amendment of the Senate numbered 261, and agree to the same with an amendment as follows:

On page 216, line 8, of the Senate engrossed amendments, strike out "616" and insert 617; and the Senate agree to the same.

Amendment numbered 262:

That the House recede from its disagreement to the amendment of the Senate numbered 262, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 618. PROHIBITION UPON DENIAL OF SOCIAL SECURITY ACT FUNDS.

No State or any agency or political subdivision thereof shall be deprived of any grant-in-aid or other payment to which it otherwise is or has become entitled pursuant to title I, IV, X, or XIV of the Social Security Act, as amended, by reason of the enactment or enforcement by such State of any legislation prescribing any conditions under which public access may be had to records of the disbursement of any such funds or payments within such State, if such legislation prohibits the use of any list or names obtained through such access to such records for commercial or political purposes.

And the Senate agree to the same.

Amendment numbered 263:

That the House recede from its disagreement to the amendment of the Senate numbered 263, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

SEC. 619. REMOVAL OF TAX EXEMPTION FROM EXPENSE ALLOWANCES OF THE PRESIDENT, THE VICE PRESIDENT, THE SPEAKER, AND MEMBERS OF CONGRESS.

(a) *EXPENSE ALLOWANCE OF THE PRESIDENT.*—Section 102 of title 3 of the United States Code is amended by striking out “no tax liability shall accrue and for which no accounting shall be made by him” and inserting in lieu thereof “no accounting, other than for income tax purposes, shall be made by him”.

(b) *EXPENSE ALLOWANCE OF THE VICE PRESIDENT.*—Section 111 of title 3 of the United States Code is amended by striking out “for which no tax liability shall occur or accounting be made by him” and inserting in lieu thereof “for which no accounting, other than for income tax purposes, shall be made by him”.

(c) *EXPENSE ALLOWANCE OF THE SPEAKER OF THE HOUSE OF REPRESENTATIVES.*—Subsection (e) of the first section of the Act entitled “An Act to increase rates of compensation of the President, Vice President, and the Speaker of the House of Representatives”, approved January 19, 1949 (Public Law 2, 81st Congress), is amended by striking out “for which no tax liability shall occur or accounting be made by him” and inserting in lieu thereof “for which no accounting, other than for income tax purposes, shall be made by him”.

(d) *EXPENSE ALLOWANCES OF MEMBERS OF CONGRESS.*—Section 601 (b) of the Legislative Reorganization Act of 1946 is amended by striking out “for which no tax liability shall incur, or accounting be made” and inserting in lieu thereof “for which no accounting, other than for income tax purposes, shall be made”.

(e) *EFFECTIVE DATES.*—The amendments made by subsections (a) and (b) of this section shall become effective at noon on January 20, 1953, and the amendments made by subsections (c) and (d) shall become effective at noon on January 3, 1953.

And the Senate agree to the same.

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Amendment numbered 264:

That the House recede from its disagreement to the amendment of the Senate numbered 264, and agree to the same with an amendment as follows:

In lieu of the matter proposed to be inserted by the Senate amendment insert the following:

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 - (a) *Definition of property used in the trade or business.*
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- Sec. 327. Dealers in securities—capital gains and ordinary losses.*
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- Sec. 329. Receipts of certain termination payments by employee.*
 - (a) *Taxability to employee as capital gain.*
 - (b) *Effective date.*
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 - (a) *Tax for 1951.*
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- Sec. 501. Maximum tax for new corporations.*
Sec. 502. Payments from foreign sources for technical assistance, etc.
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Sec. 503. Average base period net income in case of certain fiscal year taxpayers.
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 (a) *General rule.*
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 (a) *Amendment of section 435 (g).*
 (b) *Amendment of section 438.*
 (c) *Amendment of section 435 (f).*
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 (a) *Amendment of section 440.*
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 (c) *Amendment of section 433 (b).*

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- Sec. 509. Alternative average base period net income.*
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- Sec. 510. Definition of total assets for purposes of sections 442-446.*
- Sec. 511. Average base period net income—change in products or services.*
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- Sec. 513. Excess profits credit—regulated public utilities.*
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- Sec. 515. Nontaxable income from certain mining properties.*
- Sec. 516. Transition from war production and increase in peacetime capacity.*
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- Sec. 517. Base period catastrophe.*
- Sec. 518. Consolidation of newspapers.*
- Sec. 519. Television broadcasting companies.*
- Sec. 520. Increase in capacity for production or operation.*
- Sec. 521. Excess profits credit based on income in connection with certain taxable acquisitions.*
 - (a) *General rule.*
 - (b) *Technical amendments.*
- Sec. 522. Strategic minerals.*
- Sec. 523. Effective date of title V.*

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 - (b) *Effective date.*
- Sec. 603. Foreign estate tax credit.*
 - (a) *Credit against basic estate tax.*
 - (b) *Credit against additional estate tax.*
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 - (d) *Extension of period of limitations, etc., in case of recovery of taxes claimed as credit.*
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 - (a) *Estate tax.*
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- Sec. 605. Estate tax exemption for works of art loaned by nonresident aliens.*
 - (a) *Amendment of section 863 (c).*
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- Sec. 606. Exemption from additional estate tax of members of armed forces upon death.*
- Sec. 607. Transfers conditioned upon survivorship.*
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- Sec. 610. Reversionary interests in case of life insurance.*
- Sec. 611. Income pursuant to award of Interstate Commerce Commission.*
- Sec. 612. Credit in prior taxable years for dividends received on preferred stock of a public utility.*
- Sec. 613. Consolidated returns—includible corporations.*
- Sec. 614. Time for performing certain acts postponed in case of China Trade Act corporations.*
- Sec. 615. Treaty obligations.*
- Sec. 616. Reorganization Plan Numbered 26 of 1950.*
- Sec. 617. Claims under the Renegotiation Act.*
- Sec. 618. Prohibition upon denial of Social Security Act funds.*
- Sec. 619. Removal of tax exemption from expense allowances of the President, the Vice President, the Speaker and Members of Congress.*
 - (a) *Expense allowance of the President.*
 - (b) *Expense allowance of the Vice President.*
 - (c) *Expense allowance of the Speaker of the House of Representatives.*
 - (d) *Expense allowances of Members of Congress.*
 - (e) *Effective dates.*

And the Senate agree to the same.

R. L. DOUGHTON,
JERE COOPER,
JOHN D. DINGELL,
W. D. MILLS,
THOMAS A. JENKINS,
RICHARD M. SIMPSON,

Managers on the Part of the House.

WALTER F. GEORGE,
TOM CONNALLY,
ED C. JOHNSON,
E. D. MILLIKIN,
ROBERT A. TAFT,

Managers on the Part of the Senate.